

Message Text

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ACTION NEA-10

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NSAE-00 IGA-02 /033 W

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UNCLAS JIDDA 5508

E.O. 11652: N/A

TAGS: EALR, EFIN, SA

SUBJECT: SAUDI ARABIA'S MONEY IN CIRCULATION DOUBLES
IN TWO YEARS

1. THE SAUDI ARABIA MONETARY AGENCY ANNOUNCED IN AUGUST
2, 1976 PRESS RELEASE THAT PAPER CURRENCY NOW IN CIRCULATION
IS SR 7.867 BILLION (APPROXIMATELY \$2.23 BILLION). IN
1974, PAPER CURRENCY IS CIRCULATION ON AUGUST 18 WAS
SR 3.801 BILLION (\$1.08 BILLION). IN MID 1975, PAPER
CURRENCY IN CIRCULATION WAS SR 5.051 BILLION (\$1.43 BILLION).
PREVIOUS FIGURES ALSO BASED ON SAMA DATA.

2. WE UNDERSTAND THAT SAG CONSIDERING INCREASING VALUE
OF HIGHEST RIAL NOTE NOW SR 100 TO SR 500.

3. COINAGE IN CIRCULATION ALSO HAS INCREASED AT LESSER
RATE IN SAME PERIOD TO CURRENT SR23.4 MILLION. LAST DATA
AVAILABLE SHOWS SR14.1 MILLION TWO YEARS AGO.

4. THIS INCREASE IN MONEY, COMBINED WITH A HIGH
VELOCITY OF CIRCULATION, IS AN IMPORTANT FACTOR IN CURRENT
HIGH INFLATION. NO PRECISE FIGURE ON INFLATION RATE
IS AVAILABLE, BUT MOST PREVALENT ESTIMATES ARE 40-50
PERCENT. INFLATION PRESSURES NOW CAUSED PRIMARILY
BY HOUSING, BUILDING MATERIALS, FOOD AND TRANSPORT
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COSTS.

PORTER

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NNN

Message Attributes

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